

**PARTNERSHIP FOR  
FREEDOM (PFF)  
NOVGOROD**

**WORK PLAN FOR THE LAND  
AND REAL ESTATE SECTOR**

Prepared for

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## TABLE OF CONTENTS

INTRODUCTION .....	1
Purpose of the Project .....	1
Project Organization .....	2
PLANS FOR PROGRAM COMPONENTS .....	3
COMPONENT A: NOVGOROD OBLAST .....	3
Task 1: Improve the Tax Structure for Investment .....	3
Task 2: Establishment of the Legal and Regulatory Framework for Rights and Use of Land .....	11
Task 3: Land Reform and Market Stimulation .....	19
COMPONENT B: NOVGOROD CITY .....	27
Task 1: Establishment of the Legal and Regulatory Framework for Rights and Use of Land .....	27
COMPONENT C: COORDINATION OF PROGRAM ACTIVITIES FOR THE PARTNERSHIP FOR FREEDOM (PFF) PROGRAM; "PRIORITY SUBTASKS"; AND THE UNIVERSITY PARTNERSHIP .....	28
Subtask 1: Coordination .....	28
Priority Subtasks in Novgorod Oblast .....	30
Priority Subtasks in Novgorod Municipality .....	32
Subtask 4: Coordination of the Real Estate University Partnership .....	33
MILESTONES FOR EVALUATION OF PROGRESS .....	36
SUMMARY OF LEVEL OF EFFORT .....	38
SUMMARY OF PERFORMANCE INDICATORS .....	39



## **PARTNERSHIP FOR FREEDOM (PFF) NOVGOROD**

### **WORK PLAN FOR THE LAND AND REAL ESTATE SECTOR**

#### **INTRODUCTION**

The purpose of this Work Plan is to outline the Urban Institute's updated strategy, specific programs, and calendar for the attainment of the objectives listed in the Statement of Work included in the Delivery Order, effective August 1, 1997 (issued September 8), between USAID and the Urban Institute. The project's term extends to September 14, 1998.

This Work Plan covers the entire work period. Experience, however, makes clear the difficulty of forecasting project development for the full period ahead. Consequently, the Urban Institute may prepare revisions to this set of activities, if needed, prior to the end of the project.

#### ***Purpose of the Project***

The objective of the Partnership for Freedom Initiative is to refocus US assistance to the NIS on economic growth and grassroots linkages. The initiative will mark a significant shift in the nature of economic cooperation between the United States and the Russian Federation. The shift in emphasis will be away from traditional programs based primarily on direct technical assistance to programs which will build upon existing local initiatives and further their development through linkages with American partner associations and institutions. The specific objectives of the project are to demonstrate how to effectively accelerate economic transition at the local level, foster US-Russian economic and community-based linkages, and spur increased trade and investment. Novgorod Oblast has been identified as a viable candidate for this program due to its progressive local administration and its proactive efforts to create an attractive business and social environment in the oblast.

Accelerating the development of the land market is a key factor in stimulating the mobilization of capital. It is best achieved by creating a simplified property tax system (to replace arbitrary existing land and real estate taxes) and developing a private land market in which private title to and use of land is transparent, stable, and assured. Development of the land and real estate market is a key component of long-term economic reform and growth. In contrast to the earlier, more technically driven approach, PFF will focus on integrating activities to remove barriers to investment, primarily through tax incentives and establishing a land and real estate market. The program will build on the groundwork laid in the last four years by USAID in the City of Novgorod. Specifically, the Land and Real Estate Sector programs will integrate the following current USAID-sponsored programs: Deepening Urban Real Estate Reform, Market Value-Based Real Property Taxation, Land Use and Zoning, Commercial Real Estate Lending, and Real Estate Information and Registration Systems into three "Tasks":

- Improving the tax structure for investment

- Establishing a legal and regulatory framework for rights and use of land
- Improving land and real estate information systems

In addition, this project will focus more actively on the role of the availability of suitable land plots, on appropriate terms, as a tool in structuring “public-private partnerships” for promoting economic development.

Strategies to be employed have been assessed in terms of their ability to: be quick-starting; show visible results within twelve months of their initiation (i.e., the life of this task order); have the support of the local administration; be responsive to the needs of the US business community; enhance US-Russian partnerships and linkages; and promote community involvement in economic growth.

### ***Project Organization***

Successful execution of this fast-paced project requires that true experts be mobilized to carry it out. For this reason the Urban Institute, as the prime contractor, has sought the services of the National Economic Research Associates and PADCO, both of whom have had extensive experience on land and real estate issues in Russia generally and Novgorod Velikii in particular. Additionally, Steve Butler, a lawyer with extraordinary experience on real estate issues in Russia was recruited. Each organization and Mr. Butler have been allocated specific responsibilities, which are summarized in Table 1.

**Table 1**  
**Distribution of Responsibilities for the Land and Real Estate Component of PFF Novgorod**

Task	Lead responsibility
Project direction, coordination, and “priority subtasks” toward economic development in the City of Novgorod	Urban Institute Chief-Of-Party (COP) Dick Miller
Improve the tax structure for investment (introduction of the property tax in the oblast)	National Economic Research Associates Joe Eckert
Establish and strengthen the legal and regulatory framework in the oblast and the city of Novgorod	Urban Institute Steve Butler
Promote land reform and market stimulation in the oblast and/or designated smaller cities	PADCO Steve Dixon
Universities partnership coordination	Urban Institute Washington

## **PLANS FOR PROGRAM COMPONENTS**



The project consists of the following principal components, presented as “tasks” and “subtasks” in the work program:

- ! In Novgorod Oblast and its designated smaller jurisdictions:
  - Improve the tax structure for investment
  - Establish the legal and regulatory framework for rights and use of land
  - Expand land market reform outside Novgorod city and stimulate real estate markets
- ! In Novgorod City:
  - Continue work toward establishing the legal and regulatory framework for rights and use of land
  - Stimulate economic development and real estate activity by marketing properties suitable for either sale or long-term lease
- ! Within both areas:
  - Provide on-the-ground coordination of land reform and real estate market tasks; provide advice to both the oblast and the city on strategies which promote economic development and provide infrastructure benefits through real estate investment
  - Establish a partnership between Russian and US educational institutions focusing on organizing a real estate curriculum at a university in order to promote its role in local/oblast governmental policy-making and land market investment

This Work Program discusses each of these components and tasks in turn. Where necessary, as in Component C (“Coordination”), it subdivides tasks within the City of Novgorod from those to be conducted in the oblast.

## **COMPONENT A: NOVGOROD OBLAST**

### **Task 1: Improve the Tax Structure for Investment**

#### **Current Status**

In October of 1995 a team of property tax experts began working on the development of the new system of property taxation in the Russian Federation. The cities selected for the

pilot project included Tver and Novgorod. In these cities the following progress toward establishing a working Property Tax Administration and Management (PTAM) System has been realized to date.

- ! Federal legislation has been developed and adopted to allow the pilot cities to experiment with the use of the market-value based property tax system.
- ! Local legislation is being developed for the market-value based property tax system.
- ! Legal and fiscal cadastres have been developed for these cities for use in a market-value based property tax system.
- ! Software has been developed to form a Property Tax Information Management System (PTIMS). The PTIMS is structured around five inter-related modules which combine data processing and administrative management. The data processing modules include: data management module, valuation module, taxes assessment module, billing module, collection monitoring and enforcement module.
- ! Modifications to the Real Estate Information System (REIS) which contains ownership and property rights information has been performed.
- ! The REIS and PTIMS system have been engineered to work in an integrated manner sharing property rights and property characteristics data as needed.
- ! Administrative and institutional arrangements have been developed to form the Property Tax Administration and Management System (PTAMS).
- ! Valuation model building has been performed for all residential, commercial and industrial properties.
- ! Assessment notices are ready for release once permission is granted from the local city administrations.
- ! Tax impact analyses have been performed in order to estimate tax rates, identify tax shifts, and identify those who will benefit and those who will sacrifice under the new system of property taxation.

The purpose of this task is to use the knowledge and experience in developing property tax systems with medium size cities in the Russian Federation to advise and counsel smaller cities in the Novgorod Oblast on the development of a property tax system geared to their smaller size.





## Methodology to be Used

A property tax system developed for these cities can be described as a property tax management system (PTAMS) which includes the following functional elements: discovery, valuation, assessment, billing, collection, enforcement and appeals. These functional elements of PTAMS are provided in the context of a legal and administrative environment. PTAMS also relies on the effective development of an extensive information management system (PTIMS). The two systems together are sometimes called the fiscal cadastre. An operational PTAM/PTIM system manages and integrates the following property tax system functions:

- ! The *discovery function* involves making an inventory of all properties in the taxing jurisdiction. This task is greatly facilitated when good maps exist which show property boundaries and outlines of building footprints. The discovery function also includes gathering data about properties and their owners or users in the jurisdiction. Such information would likely include the size of building and lot, the current use of the property, the age of the buildings, the location of the property, and the name of the owner or user of the property, among other things. We will review the existing sources of data available in smaller cities in Novgorod Oblast. We hope to find existing maps and information on land and buildings which will be helpful in the discovery process.
- ! The *valuation function* involves developing valuation models which can be applied to the descriptive characteristics of individual properties in the jurisdiction to produce valuations. The basis of property valuation varies in different property tax systems. Some property tax systems use market value as the basis for taxation while others use the depreciated cost of improvements plus land value or the annual potential rental value of the property. In a market-based property tax system it is necessary to collect and analyze sales information. The analysis leads to the development of market models which provide reasonable estimates of market value. Cost-based property tax systems require the analysis of cost data, depreciation factors and land sales. Income-based systems require the development of income models through analysis of income and expenses of properties. We will examine issues which affect valuation, such as the availability of market data, the extent to which properties have been privatized and the voracity of the secondary market.
- ! The *assessment function* involves applying tax rates to valuations to determine the taxable liability of each property. Assessment also involves taking information about properties (their valuations) and matching it with information about the property owners (their name and address). Ultimately, assessment involves the calculation of individual tax liabilities which, when aggregated, produce the total tax

levy for a jurisdiction. A key to resolving assessment issues will be the availability of ownership information.

Billing involves notifying taxpayers of their property tax obligations. This usually involves the issuance of individual tax bills to each taxpayer. A system for notifying taxpayers of their property tax liability may include the distribution of flyers, or the printing of notices in local newspapers. We will explore the various taxpayer billing and notification options, such as mailing, hand delivery and public notice.

- ! The *collection function* involves collecting and accounting for tax payments made by taxpayers. This system should allow for convenient payment of property taxes, audit control and reporting of payments and arrears.
- ! The *enforcement function* is almost an extension of the collection function. Enforcement provides a way to ensure collection of the property tax. Many property tax systems allow for a lien to be placed on the property if taxes are not paid in a timely manner. Such tax liens can ultimately result in the taking of the property by the taxing jurisdiction if non-payment of the property tax continues for a lengthy period of time.
- ! The *appeals function* allows taxpayers to appeal the valuation or assessment placed on their property. Such systems usually have strict deadlines for filing for an appeal. The burden of proof generally falls to the taxpayer to demonstrate that the wrong value or assessment has been calculated for their property.

The purpose of this task order is to use the knowledge and experience in developing property tax systems with medium size cities in the Russian Federation to advise and counsel smaller cities in the Novgorod Oblast on the development of a property tax system geared to their smaller size.

### **Activities During the Workplan Period**

# **Subtask A: Needs Assessment.** The development of a PTAMS for small cities will begin with an assessment of candidate cities (or the candidate city, if one has been chosen already). We will first identify jurisdictions which are good potential candidates for implementing a property tax system. Once potential candidate jurisdictions are identified, we assess their capacity to implement the new property tax system. Our assessment of



candidate jurisdictions will include an examination of a variety of factors. Such factors will include:

- ! The political will of the local administration to implement a new property tax system
  - What steps have been taken towards privatization of municipal land and buildings?
  - Does the city administration espouse progressive views?
  - Does the city administration have an interest in implementing a local property tax?
  - What resources is the city willing to allocate towards implementing the property tax?
- ! The existing administrative and institutional arrangements of the jurisdiction
  - What departments already exist? Is there a...
    - Land Committee (GKI)
    - Bureau of Technical Inventory (BTI)
    - Registration Chamber
    - Geodesic Department
    - Information Services Department
  - Which existing institutions could help develop and support the new property tax system?
- ! Sources for existing data on property rights (e.g., ownership, leasing)
  - Does the Registration Chamber have information on property rights?
  - Do maps showing property boundaries exist and are they available?
  - Is any of the above data already in computerized format?
- ! Sources for physical characteristics data of properties
  - Does the BTI have data on property characteristics?
  - Does the Land Committee have data on land areas or land use?
  - Does the Geodesic Department have information on location of properties?
  - Is any of the above data already in computerized format?

The needs assessment process will help us tailor the PTAMS developed for medium size cities for use in smaller cities. The output from the needs assessment will be a report which recommends particular smaller cities for implementation of the new property tax system. The report will also indicate the criteria used to select cities for implementation of the PTAMS and indicate the status of the existing infrastructure investigated as indicated above.

**# Subtask B: Legal and Administrative Framework Development.** A second developmental step for PTAMS for small cities requires the introduction of new laws, regulations and administrative policies. A variety of issues need to be resolved in order to enable the development of PTAMS. Some examples of legal issues which need to be addressed include the following legal definitions:

- ! *A taxpayer.* Who are the subjects of taxation?
- ! *A taxable object.* What are the objects subject to taxation?
- ! *The basis of taxation.* What is the basis of valuation? Market-value? Normative value? Land pricing procedures and results should be reviewed to identify limitations of local officials' capability to assess (price) land; adequacy of appraisal and pricing procedures (non-normative pricing); other factors in valuation (e.g., infrastructure charges); relationship of "market" and actual prices.
- ! *The taxable status date.* What is the date of valuation for valuation? Who has the authority to value and assess property?
- ! What are property owner's rights and responsibilities vis-a-vis the property tax?
  - Rights: to appeal value or assessment, to see how property was valued?
  - Responsibilities: to allow inspection by taxing authority, to pay tax in a timely manner?
- ! The Fiscal Cadastre
- ! Exemptions and Social Benefits
- ! And local regulations:
  - Regulation on real property tax
  - Regulation on property tax department
  - Regulation on construction and maintenance of the Fiscal Cadastre
  - Regulation on valuation
  - Regulation on appeals

The current Federal Enabling Act allowing the experiment in Tver and Novgorod gives flexibility to the oblasts and local jurisdictions to define these issues in ways appropriate for the local conditions. Likewise, Article 38 in the new Russian tax code gives much local autonomy.



Administrative and institutional arrangements must also be developed to support the small city PTAM model. Some of the administrative and institutional issues that need to be addressed for small jurisdictions include:

- ! Do local jurisdictions have the skills to support property tax administration?
- ! If so, where are they employed?
- ! What department(s) will handle the following functions:
  - Discovery
  - Valuation
  - Billing
  - Collection
  - Enforcement
  - Appeals
- ! How can fiscal cadastre maintenance be managed given traditional conflicts between BTI and Land Committee?

We will develop material for and participate in a seminar relative to the establishment of the legal and administrative framework to support the new property tax system. Experienced property tax practitioners along with an attorney will develop the seminar materials. A senior tax expert or attorney will present recommendations and supporting materials at the seminar. This will give participants the opportunity to discuss legal, administrative and institutional issues directly with a property tax expert.

# **Subtask C: Integration of Land and Real Estate Information.** The consultants working on the current property tax program in Russia have experience in the development and integration of legal and fiscal cadastres, in Tver and Novgorod city, they are familiar with available sources of data in Russia and have developed software that uses legal and property data as a basis for a Property Tax Information Management System (PTIMS). In addition, they have worked with the institutions in Russia which are key to setting up a property tax system including the State Tax Service (STS), Land Committee, Bureau of Technical Inventory (BTI), and Registration Chambers. We will draw heavily on these experiences in assisting in the development of integrated databases.

Documentation will be developed which describes the data processing requirements for the small scale PTIM system. Documentation will cover the software, hardware and human resources needed to develop and run the system. Such documentation will serve as a reference for jurisdictions interested in developing a property tax system. Strategies for modifying the current PTIMS created for Novgorod and Tver, that was written in Oracle and



operates in a server environment, will be developed for small cities. A complete software system for small cities cannot be developed under this task order. However, it will be possible to develop a demonstration prototype operating on a PC using Personal Oracle.

A seminar will be developed which presents the data processing requirements. The seminar will draw heavily from the documentation developed for the property tax system. Regional and local officials and business leaders will be the target audience of the seminar. The seminar will provide participants with a detailed approach to the implementation of the PTIM system required to run the new small cities\* PTAM system.

# **Subtask D: Roll Out Model Development.** Based on information developed from completing the preceding tasks, a “roll-out” model will be developed establishing the requirements for a small jurisdiction PTAM/PTIM system. The roll-out model will be presented in the form of a manual (or set of manuals) and will be called the “roll-out manual”. This documentation will form the basis by which smaller jurisdictions within Novgorod oblast can undertake development of a fiscal cadastre (PTAM/PTIM system).

The roll out manual will include strategies for small cities that encompass all facets of the development of a PTAMS including discovery, valuation policy, assessment, billing, collection, enforcement and appeals. Recommendations on legal and policy issues, institutional and administrative arrangements, public education, and public relations will also be addressed in the roll-out manual, as well as the requirements of the small city PTIM system.

A seminar will be developed based on the roll out manual. The seminar will be one or two days in duration and will be geared toward regional and local government officials who are interested in implementing the new property tax system. Members of the business community will also be invited to attend. The seminar will give participants the opportunity to learn more about setting up a property tax system in their jurisdiction. Experienced property tax practitioners will develop and present the seminar. This will give participants the opportunity to discuss issues with experienced practitioners. Moreover, technical assistance requests will be solicited during the seminar and technical assistance will be available to regional and local officials who are interested in developing a PTAM system for their jurisdictions.

# **Subtask E: Provide Help to the Roll-Out Cities.** Consultants will be available throughout the project to advise small cities in the Novgorod Oblast on how to design and implement a PTAM System. This advice will include how to create and design the fiscal cadastre and database, how to choose hardware options, how to set up the property tax department, how to manage the billing and collection and appeals processes, and how to estimate the cost of PTAMS construction. However, this service will be available only to jurisdictions that send representatives to the seminar describing the roll-out model for small jurisdictions.







## Products

- Introductory seminar, plus seminars on the property tax system, legal and administrative issues of the property tax and the property tax information system
- Roll Out model prepared
- Model information system prepared

## Performance Indicator

At least one jurisdiction committed to implementing the property tax system and the demonstration prototype system installed there.

## Level of Effort of Professional Staff in Person Days

U.S.	170
Russian	200

## ***Task 2: Establishment of the Legal and Regulatory Framework for Rights and Use of Land***

### Current Status

In Novgorod city a significant effort at legal and regulatory reform is already in progress. Further reform may reduce transaction costs and legal risks and create greater financial incentives, thereby increasing the range of feasible real estate transactions. While generally supportive of the city initiatives, there is less activity in the oblast, which affects the many small towns and rural districts which do not have the broad home rule powers of the city and are governed more directly by oblast legislation.

In the city, adjusting the fine points and details of implementation of the many recent local laws and regulations can have beneficial results. A different approach may be necessary in the oblast, which will have to consider new legislation to extend successful city experiments to other areas of the region. This may involve enactment of equivalent legislation where the city laws are not appropriate to the needs of smaller towns and rural districts, as well as new enabling legislation to authorize useful initiatives not yet implemented in either the city or the oblast. In both the city and the oblast opportunities may lie as well in taking advantage of the recently enacted or pending federal laws affecting real estate markets to further develop and refine the local legislation and practice. This is particularly true with respect to land privatization (RF Land Code, now pending), land registration (RF Law On Registration of Real Estate Rights and Transactions), and land use (RF Town Planning Codex, now pending).

USAID presently has several significant projects ongoing in Novgorod, including the ad valorem (mass appraisal) tax project, the zoning and land use project, and the land information system project. It is assumed that each of these projects will develop recommendations and working models of legislation and regulations needed for their implementation. Accordingly, we focus primarily on initiatives which may be taken outside of, or supplementary to, these projects.

As described below, the City of Novgorod and the Novgorod Oblast have had different reform agendas, perhaps reflecting the different needs and interests of a large commercial center and the small towns and rural areas of the surrounding region. However, this is not to say that the Regional Administration has not been supportive, and in fact on many issues the regional government has enacted the enabling legislation which allows city reforms to proceed. The main distinctions between the city and oblast reform agendas at this time perhaps comes down to participation of the advanced reform programs sponsored by USAID in the fields of zoning and land use controls, real estate registration and information systems, and value based property taxation, the benefits of which have not been extended to the oblast. On the more basic reform agenda, there is less difference. The following overview of the current status distinguishes between city and oblast initiatives as necessary.

**# Land and Real Estate Privatization.** The Novgorod Oblast has enacted basic enabling laws in the area of land privatization which include the following:

- ! *Novgorod Oblast Law On Procedures of Allocating and Withdrawal of Land Plots in Novgorod Region, 06/28/95, as amended 07/01/96 and 07/29/96.* Since the beginning of 1997, rights have been issued for approximately 4,700 personal land plots. This oblast regulation, amended through July, 1996 to reflect the changes in enterprise privatization rules, provides general rules for privatizing and allocating land for all permitted purposes. It incorporates and synthesizes the main provisions of the various Presidential Decrees affecting land allocation and privatization, as well as the remaining valid provisions of the 1991 Land Code.
- ! *Regulation No. 288, On Procedures of Sale to Owners of Privatized Enterprises, Buildings, Constructions, Structures and Other Objects of Non-Residential Stock of Land Plots under Them, approved by Novgorod Oblast Administration Resolution as of 06/28/96.* This regulation implements Presidential Decree 1535 for privatization of enterprise land and real estate and does not depart from federal rules. Since 1995, 43 land plots and 10 other real estate objects have been privatized by enterprises, with most privatization occurring in 1995-96.
- ! *Resolution of Novgorod Oblast Property Fund No. 50, Procedures for Appraising and Selling Real Property, 5/24/97.* This regulation, which appears on its face to be limited to situations of liquidation of the property of bankrupt state and municipal



enterprises, governs sale of oblast real estate through public sale, including the method for setting prices through appraisal. It follows the standard widespread format of the proposed but never enacted federal regulations, which have been adopted in all six of the participants in the World Bank's Housing Project, perhaps with some modifications. The regulation follows the auction and tender provisions of the RF Civil Code, to which it is arguably subject (though there is opinion otherwise).

**# Land Use and Development Controls.** In the oblast there has been little activity on issues of land use and development controls, and the current system is essentially the system inherited from the Soviet-era. This is not to say that certain modifications in relationships between the city and the oblast over the past several years have not occurred at an administrative level. In the oblast it will be necessary to review the present laws and regulations on land use to determine what, if any, role they might play in the current investment climate and how they might be revised contribute to increasing real estate investment activity.

**# Title Registration.** Until the recent enactment of the federal law on registration of real estate rights and transactions, Novgorod city was a leader in implementing an effective registration system. The system is in place today and appears to be working well, providing not only registration and privatization services but also much needed consultation service to the general public in their private real estate transactions. The present local laws governing registration of real estate rights are:

- ! *Regulation No. 2279 of the City Administration, On Assigning Cadastre Numbers to Land Plots and Inventory Numbers to Real Estate Objects on the Territory of Novgorod City, and On Keeping a Log-Book for Recording Land Plots\* Cadastre Numbers and Inventory Numbers of Real Estate Objects, 12/16/94.*
- ! *Resolution No. 20 of the City Administration, Provisional Procedures for Registration of Real Estate Rights of Citizens and Legal Entities on the Territory of Novgorod, 02/09/95. as amended by Resolution No. 98 of the City Administration, 05/05/96.*
- ! *Regulations On the Department for Work With Real Estate.*
- ! *Resolution No. 52 of City Duma, Provisional Procedures for Condominium Registration, 01/23/97.*

The city law (No. 20, above) has apparently been ratified and adopted by the Oblast Duma also, by its Resolution No. 29, December 19, 1996. In effect, then, the city and the oblast appear to have identical basic regulations concerning the registration of property rights.

The challenge for the oblast appears to be implementation of the registration system in the smaller localities. The system devised by Novgorod city may be more advanced than what is presently used in the small towns and rural districts, and may worthy of consideration by the oblast for such places. The oblast does, however, have an ongoing experiment in creation of land cadastre, or delineation and registration of real estate objects, in several of the largest cities outside of Novgorod city which it is undertaking with the assistance of Swedesurvey, the international consulting arm of the Swedish national cadastre

The major challenge for both the city and the oblast may be to adapt the present registration rules and procedures to the new federal law. This may require enactment of a new regional law on registration, as well as various ancillary regulations, to enable and implement the national system. It is noteworthy that both the city and oblast regulations are characterized as provisional and are to remain effective only until enactment of the national law on registration, which recently occurred. It is possible that there are conflicts between the federal law and the present practices of Novgorod which will have to be worked out in practice.

### **Activities During the Workplan Period**

The work plan is comprised of 6 main subtasks, as follows:

#### **# Subtask A: Establish Working Contact with Officials and the Private Sector.**

The preferred approach is to create working groups on land privatization in the city and oblast or to identify and integrate with the work of existing working groups having responsibility for these issues. If feasible, we should explore the possibility of a joint working group which would produce a unified regional land policy, with appropriate concessions to the interests of Novgorod City.

Allocation of time between the city and oblast should be made on the basis of their responses to the work; if there are delays, unresponsiveness and indecisiveness on the part of either the oblast or city, concentrate work in the other. The work includes:

- Review the proposed work program with local decision makers
- Get suggestions and comments
- Revise work program as necessary
- Outline what we expect the city to provide to the effort (documents, access, etc.)
- Obtain from city and oblast copies of all drafts of new laws and regulations in progress
- Apprise the city of recommendations
- Engage city representatives in implementation

Time spent in these tasks, other than implementation, should be kept to a minimum. Other key actors include local and foreign investors; local banks; privatized enterprises; and



officials from the smaller cities. Obtain experiences and suggestions. Request that complaints and suggestions be expressed in terms of specific provisions of laws, regulations and procedures which might be modified.

*Example:* Obtain the experiences of banks in taking land as collateral for loans. Elicit from the banks the reasons why they are reluctant to take land as collateral.

*Example:* Determine whether privatized enterprise have been thwarted or prevented from privatizing land, with specific reference to rules and procedures. Elicit suggestions on making land ownership more attractive to privatized enterprises.

This work should comprise no more than a few days, and preferably less; seek a few well structured meetings with representative groups, associations, etc. Coordinate contacts and avoid duplication of meetings by team members.

**# Subtask B: Review of Relevant Legislation.** Oblast legislation relevant to real estate investment and development will be reviewed in consultation with local officials and participants in the other USAID sponsored programs identified below. The current rules should be reviewed to identify any obvious deterrents to privatization and investment. The main objectives of the review are:

- ! Identify which is local and federal law, where the two depart from each other, and whether local implementation of federal law is taking full advantage of privatization possibilities.
- ! Within the scope of local regulatory discretion, correct any obvious deterrents to privatization and investment found in the law or regulations.
- ! Identify gaps or omissions in the laws and regulations which may be corrected by local legislation; suggest and draft local and regional laws and regulations to close the gaps and omissions.

Pending or proposed laws and regulations—including the pending RF Land Code—should be reviewed to determine how they respond to the issues which are identified. Apparent problems with the rules should be verified with those who are actually using them, such as investors, privatized enterprises and banks. This work will consist of:

- Identify basic procedures mandated by applicable federal laws and regulations
- Determine local additions, modifications to federal land privatization procedures
- Determine whether procedures actually followed are those outlined in applicable regulations
- Identify procedural steps of ambiguous purpose

- Identify duplicative and overlapping procedural steps
- Identify procedural steps which are bottlenecks or consume excessive time; prepare a time line for the usual privatization procedure
- Identify specific costs of privatization procedure - documentary requirements, application fees, etc.
- Make specific recommendations to revise procedures

The review will concentrate on the following areas established as the general framework for real estate markets:

- ! **Real Estate Privatization: Rules, Procedures and Legal Documentation.** An emphasis will be placed on the processes of privatizing land and real estate, the terms of privatization transactions, and the contents of legal contracts used by the city and oblast, with the objective of identifying and correcting items that discourage private investment. Privatization of existing retail and other commercial spaces will be included as well as land privatization.
  - ! **Costs of Acquiring, Owning, Developing and Using Land and Real Estate.** In particular, the review will focus on how legal rules and procedures can contribute to the costs of acquiring, owning, developing and using land and real estate, either directly in the form of prices, fees and rents, or indirectly in the form of legal risks and transaction time.
  - ! **Land Use Legislation.** Work will focus on refining the recent developments in the city and determining whether and how such developments may be relevant to the smaller cities and towns in the region.
  - ! **Registration of Real Estate Rights.** This work would entail development of a plan and legislative foundation for implementation of the new federal law on registration of real estate rights and transactions. Registration issues, particularly preparation of cadastre and registration laws, may constitute a separate task in the oblast. In the context of the land privatization work we want to look at registration in terms of transaction costs:
    - Direct costs
    - Time for preparing and filing applications
    - Time for completion of registration
    - Etc.
- and in terms of sufficiency of protection:
- Management procedures for protection of integrity of the system



- Procedures for protection of priorities of applications
- Mortgage records
- Accessibility to banks and investors
- Have any challenges arisen against completed registered titles? Describe grounds and outcome.
- What disputes, conflicts, losses, etc. generally have arisen with respect to the registration system? How have they been resolved by the authorities?

**! Defeasability of Title.** We also want to look at whether land privatization transactions have been challenged by private or state authorities (procurator, other putative owners, etc.); the grounds of challenges; the response of authorities and the courts. Develop recommendations on how to insulate privatization transactions from later challenge.

**# Subtask C: Prepare summary of findings and identification of priorities.** On the basis of the review of the laws, procedures and legal documentation, a summary of findings will be prepared together with preliminary recommendations of priorities for legislative and regulatory reform. The preliminary list of priorities will be created based upon the findings and the objectives of the oblast administration, as determined by consultation throughout this phase of the work.

It is anticipated that because of the differences in their present legislative frameworks, as well as the different needs of urban and rural areas, small and large towns, different recommendations will need to be made for the town(s) and the oblast.

**# Subtask D: Review findings and proposals with Oblast and designated jurisdiction officials.** Findings and preliminary recommendations will be reviewed with local officials, representatives of USAID, and representatives of other USAID programs active in the region to arrive at a consensus program of reform. The review will be made at separate, one-day seminars held for oblast and oblast-designated city officials at which the findings and recommendations will be presented. The Summary of findings and preliminary recommendations will be distributed to participants prior to the seminars.

**# Subtask E: Compilation of recommendations in Final Action Plan.** On the basis of the responses to the preliminary recommendations, a legislative action plan will be prepared which will provide detailed suggestions for legislative reform in the priority areas. Action plans may include amendment or revision of existing legislation; enactment of new legislation; or preparation of guides, manuals or documents needed to implement existing or proposed local or federal legislation.

**# Subtask F: Work with Oblast and its designated City officials to commence implementation.** With the time remaining in the project, the team will assist the city and

oblast administrations to refine and implement the action plans through planning; advice and consultation; providing examples of relevant legislation; drafting; and review proposed legislation and regulation. By January, 1998, the Project will complete a report with recommendations on the legal and regulatory framework for rights and the use of land in the Novgorod oblast. Specifically, the Report will address privatizations, the creation of land registration systems on an oblast-wide level, the handling of environmental issues, and the procedures to implement zoning of rural land in the oblast. The report will be based on analyses conducted by the Urban Institute and PADCO. Within the month following completion of the report, a workshop will be held to present the conclusions of the report to regional and local officials and to encourage their implementation of the report's recommendations.

Note that if the Oblast or a municipality has already developed a list of legislative priorities, the legal process outlined may be sharply attenuated, with work on drafting beginning much earlier. In any case, the legal team will review and comment on draft legislation upon request throughout the life of the project.

### **Products and Schedule**

- ! Report describing and analyzing the existing legislative framework for real property markets in the selected areas of inquiry.
- ! Legislative and regulatory action programs for the oblast or a city which (1) will create incentives or eliminate disincentives to private real estate development and investment; (2) conform to national legislation; (2) have the support and agreement of local policy makers in the oblast and city.
- ! Seminar presentation on conclusions and recommendations, including appropriate seminar materials.
- ! Specific legislative or regulatory drafts in the priority areas designated by the oblast and city based upon the investigation and seminars.

The Real Property Law and Regulatory Workshop will provide copies of workshop materials, including a written report, participant handouts, and copies of transparencies used during the presentation.



### Level of Effort

Task	Estimated Total LOE (Days)	Estimated Completion Date
Establish contacts	4	10/21/97
Review of Relevant Legislation	30	11/15/97
Prepare Summary of Findings and Identification of Priority Work	8	11/30/97
Review of Findings and Proposals with City and Oblast Officials	3	12/5/97
Compilation of Recommendations in Final Action Plan	5	1/15/98
Work With Local Officials to Commence Implementation	70	Through 9/98

### Performance Indicator

Implementation of Action Program Recommendations in at least four oblast-designated cities.

### Level of Effort

U.S. attorneys	120
Russian attorneys	80

### **Task 3: Land Reform and Market Stimulation**

#### Current Status

USAID has provided the City and Oblast of Novgorod with considerable assistance in the land and real estate sector over the past three years. Among the more successful projects have been the development of land use regulatory systems (zoning), the development of a pilot real property taxation system in Novgorod, a real estate information system and an enterprise land sales project. In the housing sector, USAID has provided the city with assistance in conducting land auctions as well as other housing and communal service-related assistance.

These projects have had a considerable impact on changing the attitudes of higher-level oblast and city officials. They have resulted in the passage of new legislation and the adoption of improved processes. However, much work remains. The reform process in Novgorod needs to be spread to other cities in the region and moved down levels of bureaucracy. And personalized processes must give way to administrative ones involving open, transparent procedures.

The City and Oblast have made definite progress in articulating new policies and goals. Both administrations are very interested in improving the effectiveness of their regulations on real-estate and property rights information procedures, and ensuring the legal stability for investment capital in the local economies. Although current administrative procedures do not always reflect these intentions, there is the necessary positive attitude within the upper and middle levels of administrative leadership to deal with the bureaucratic obstacles to efficient regulatory procedures created by local and federal regulations and laws. As one official stated, “We want investors to come talk to us about what we must do to be responsive to their needs.”

Considerable progress toward a “market economy” from the “old” Soviet systems has been and is being made each day. However, there is still a strong tendency among administration committees to try to “control from the top” marketplace decisions, rather than to set the “rules of the game” and let the marketplace seek its own solutions. Many regulations tend to be very narrow, leaving no room for reasonable deviations by lower-level bureaucrats. Sometimes regulations are so subjective and vague that they leave officials too much room to arbitrarily reject investment proposals, or pile on additional requirements for their approval.

A strategic geographical location, positive political support, growing economic strength and availability of natural resources are all ingredients for economic development that exist in the Novgorod Oblast. The missing ingredient is an open, transparent set of administrative procedures that implement federal and local laws and regulations and allow “market logic” decisions.

### **# Subtask A: Land Title Registration Projects.**

*Objectives:* The main objective of this set of tasks is to establish a simple land titling and registration information system outside of Novgorod City that could be incorporated into future cadastral systems. An adequate titling and registration system will greatly facilitate the creation of private rights in real estate and help encourage a private real estate market. This will enable owners, lessees and others to prove with certainty their rights to real estate parcels and objects and readily transfer those rights.

To the extent possible, “Land Titling and Registration” activities should be conducted in concert with the “Property Tax Reform” activities (Component A, Task 1). In addition to internal coordination with the Property Tax Reform and Legal Framework Teams under the Urban Institute’s Chief-of-Party, work on the land title registration project will need to reflect the procedures adopted by the RF federal government to oversee registration. Under the new federal law on land title registration, the federal government has six months from the date of passage of the law to nominate this supervising agency.



The PADCO team will work primarily with the Oblast Government to select suitable locations and levels of government outside Novgorod City for assistance with the installation of titling and registration systems. Locations should be selected on the basis of sufficient demand for registration services so that the systems are self-financing.

#### *A.1 - Assess Existing Land and Building Titling and Registration Systems*

- ! Evaluate whether the model registration chamber concept adopted in the City can be expanded to other jurisdictions in the Oblast, specifically taking into account the anticipated promulgation of new RF regulations on “Registration of Real Estate Rights and Transactions.”
- ! Identify the different roles in the new federal registration system for collecting, maintaining and registering ownership and other information about land and buildings including those of the Land Resources Committee, Bureau of Technical Inventory, Judicial Institutions, and State Property Management Committee. Assess the current level of compliance with “RF Law on Registration of Real Estate Rights and Transactions”, and make recommendations for achieving full compliance by the Oblast administrations.
- ! Assess: (1) the local jurisdiction’s capabilities and resources to conduct a systematized, sustained program of titling and registration: and (2) the financial feasibility of the land title registration system in terms of it being able to generate sufficient revenues to attract either foreign or local investors to finance part or all of the system. (This task cannot be completed until new federal regulations fix staffing requirements, procedures and costs. After these norms are established, then the required level of fees for full cost recovery can be estimated.)

#### *A.2 - Design and Implement Specific Demonstration Projects*

*Note:* This phase will not be attempted until new RF procedures regulating property titling and registration have established the responsibility of specific local agencies by March 31, 1998, or until such an action has been definitively postponed, thereby allowing some local initiative.

- ! For at least three urban areas outside Novgorod City, design a demonstration titling and registration system. The system will be a manual system for Novgorod Oblast or its designated raions.
- ! Make “Recommendations” only on hardware, including computers, scanners, document storage equipment and other computer equipment, emphasizing simple technologies which could be expanded for future needs.

- ! Prepare recommendations on the feasibility of integrating the titling and registration software with other cadastral information systems, such as Swedesurvey pilot in Chudovo, and/or a REIS system.
- ! Once systems investigations are complete and when all institutional arrangements, responsibilities, policies, and procedures are established then PADCO will recommend a self-financing system of user fees for registration of land and building documents. The self-financing system should be capable of financing system expansion. Thus pilot demonstration projects should be located in places where there are expected to be sufficient transactions to generate fees. Since this analysis is not directly related to activities performed in subtask A.1, it may require a second assessment.
- ! Develop standard procedures, forms and title reports and administrative mechanisms for combined land and building titling and registration. (The Irkutsk model has developed a series of title registration forms that meet the requirements of the federal registration law. Assuming there is no contradiction created by the new procedures, this model should serve as a template.).

*A.3 - Design and Implement training programs for personnel involved in distribution of titles (State Acts), Registration and other Raion- and Municipal-level Responsibilities.*

(This phase will not be attempted until new RF procedures regulating property titling and registration have fixed responsibility on specific local agencies by March 31, 1998, or until such an action has been definitively postponed, thereby allowing some local initiative.) Once systems investigations are complete and when all institutional arrangements, responsibilities, policies, and procedures are established; then, PADCO will design a seminar in at least three urban areas to train oblast and local level staff in the procedures of title registration. In addition, publicity programs should be targeted at the general public to inform them of the new system and procedures for using it.

**# Subtask B: Expanding Market Reform outside Novgorod City**

*Note:* This subtask is second in priority to *Subtask A*. It will be undertaken only to the extent PADCO and the UI-COP concur that the products identified for *Subtask A* are found to be unfeasible or can be accomplished within available remaining resources.

Novgorod City has responded well to past USAID assistance. Many new regulations have been enacted and approved by the local дума in the areas of zoning and land use, land rights registration, investor incentive programs, and 'ad valorem' real property taxation. While these reforms have been adopted by high-level city and oblast officials, they are less well



known among lower echelon bureaucrats and among the smaller cities and raions in the oblast. Given the lack of understanding of the new reform mechanisms, these lower-level officials tend to rely on old Soviet practices for which detailed implementing regulations exist, rather than attempting to use the newer reform regulations. This is particularly true outside of Novgorod City. This subtask will involve:

- ! **B.1 - Stimulating Land Reform in Smaller Oblast Cities.** In concert with UI's "DURER" (Deepening Urban Real Estate Reform) project, participate in a series of up to three (3) seminars aimed at cities outside Novgorod City to expose lower-level bureaucrats to the benefits of modern land reform and to help them modernize their procedures as suggested by the Oblast Administration. The main topics to be covered include business registrations, land rights registration, land use zoning and land privatization. City and Oblast administration officials would be invited to participate with PADCO experts.
- ! **B.2 - Introduction of Model for Implementing Land Reform Regulations.**  
*Note:* This section will not be attempted until new RF procedures have fixed responsibility on local agencies or such action has been definitively postponed.

The most difficult obstacles do not originate within the City or Oblast. Federal laws and regulations tend to over-regulate local activities and are often responsible for most time delays and the unstable environment for foreign and local investment. In particular, the low thresholds that trigger Moscow involvement in project approvals cause delays and added costs in obtaining project approvals.

While this project will not be able to resolve federal-level legislative problems, it can help smooth project approval processes at lower levels of government within Novgorod City and in the smaller cities of the Oblast. To do so, a set of three (3) self-contained, regulatory-procedure modules should be developed from each of the successful projects implemented in Novgorod City for application in smaller cities on a 'demand\*' basis. The base material for these modules will be developed from the available "project manuals" from previous USAID projects involving the three following areas:

- Land privatization and leasing
- Land use regulation and zoning
- Title registration system

These modules should each contain:

- Sample "model" resolutions that provide the legal basis for each program element
- Step-by-step procedural guides to implement the regulatory and procedural framework

- Training programs for local officials that clearly demonstrate how each required procedure relates to the complete process
- Training programs to help local citizens understand how to comply with the new regulations and procedures
- A set of sample internal administrative forms and documents for implementing each program element
- Complete set of sample documents for use by public to participate in program benefits or requirements

**# Subtask C: Stimulating Development of Land Markets.** Under USAID's Enterprise Land Sales Project, 57 parcels were sold in the oblast and city. In addition, a number of plots were auctioned off in the World Bank housing project. These initiatives represent the start of a private land market in Novgorod, but in and of themselves hardly constitute a land market. Renewed efforts must be taken to expand sales activities to other regions of the oblast and to get more land on the market in the city itself. Recently, the oblast established a policy of permitting privatization of properties that it controls including partially completed buildings that hitherto could not be privatized until completed.

- ! Develop a standardized inventory of urban land and real estate properties suitable for privatization through either sale or long-term lease. These properties may include those to which enterprises have rights, vacant land or any other land and/or real estate property that is suitable for sale and can be used for residential, commercial, retail or industrial uses.
- ! Work with officials nominated by the oblast to develop a central listing of available properties by type of use.
- ! Prepare a "highest & best use" analysis of approximately 10 of these properties focusing on those which can be marketed immediately.
- ! Develop land disposal techniques, including auctions and sealed tenders. Using lease and sales documents developed by other projects, assist the oblast in developing tender packages for the sale and/or lease of properties having the most immediate prospects for sale. No less than ten (10) properties should be included in initial sales/leasing activities, though properties could be grouped in one or more tender packages according to their market characteristics.
- ! Assist oblast/city governments in marketing properties.
- ! Develop a detailed procedures manual for local level officials to assist them in continuing to conduct land and real estate disposal activities after completion of the task order. The manual should draw upon models developed during ELS and the



land auctions project and in Ekaterinburg under HSRP I, and cover different property sales techniques, such as public auctions, sealed-bid tenders, and individual site marketing campaigns.

## **Products**

### **# Subtask A**

- ! An assessment of potential locations and institutional arrangements for title registration agreed by the oblast including an assessment of the ability of these locations to be financially self-sustaining through collection of fees for registration activities. [90 days]
- ! Develop a pilot manual title registration system and financial feasibility analysis demonstrating the viability of the such a system; b) Design & implement a 2-day training seminar for oblast-designated administrators to support pilot registration/titling system. [20 days]

The products related to the financial analysis and the pilot system are both dependent on the Federation Government promulgating all necessary regulations by no later than March 31, 1998; in particular, the institutional arrangements, responsibilities, policies and procedures for the federal registration system must be established. Without these implementing regulations, it will be impossible to establish accurate “costs” & staffing levels for the City or Oblast.

### *Level of Effort (LOE)—Subtask A*

EXPAT	20 days *plus subtask B days
RUSSIAN	90 days *plus subtask B days

### **# Subtask B (IF UNDERTAKEN\*)**

- ! Participate in a series of up to three (3) seminars outside Novgorod City aimed at exposing lower-level officials to the benefits of land reform and to help them modernize their registration procedures. The main topics to be covered include: business registrations, land rights registration, land use regulation (zoning) and land privatization. As appropriate, sessions may include real property taxation systems.
- ! Produce manuals for implementing land reform regulations and procedures (4 copies each in Russian and English) for use by smaller cities in the Oblast on a

'demand\* basis covering land privatization and leasing, land use regulation (zoning), and title registration. The manuals should also include:

- Sample “model” regulations for adoption by local authorities
- Step-by-step procedural guides to implement the regulatory and procedural framework
- Set of internal administrative forms and documents for implementing each program element
- Set of documents for use by the general public to participate in the program

*Level of Effort (LOE)—Subtask B (if undertaken; \* may be allocated to subtask A)*

EXPAT	Up to 30 days
RUSSIAN	Up to 50 days

#### # Subtask C

- ! Help prepare an inventory of urban land and real estate properties suitable for privatization through either sale or long-term lease, and covering up to 100 properties in different locations in the Oblast, possibly including Novgorodskii.
- ! Prepare “Highest and Best Use” analysis of approximately 10 properties that are most suitable for immediate sale.
- ! Help market packages for sale/lease of 10 properties that may be grouped in one or more packages, according to their market characteristics. The normative target will be five properties under various stages of disposition.
- ! Help prepare a detailed procedures manual (one in Russian, one in English) for local level officials to assist them in conducting land and real estate disposal activities.

*Level of Effort (LOE)—Subtask C*

EXPAT	100 days
RUSSIAN	60 days

#### **Level of Effort (LOE)—Total for Task 3**

EXPAT	150 days
RUSSIAN	200 days



As appropriate, the PADCO team will coordinate their work with the Urban Institute team to the extent possible to ensure that the work is mutually supportive, especially as to the following: Subtask a with members of the “Property Tax Team” to produce an integrated database for property titling/registration administration and the “Legal Framework Team” to produce improved procedures in target jurisdictions; subtask B with the Urban Institute “Deepening Urban Real Estate Reform” Program; and subtask C with UI-COP and the “Legal Framework Team” to produce positive results from “market stimulation” efforts.

## **COMPONENT B: NOVGOROD CITY**

### ***Task 1: Establishment of the Legal and Regulatory Framework for Rights and Use of Land***

In Novgorod city, a significant effort at legal and regulatory reform is already in progress. Further reform may reduce transaction costs and legal risks and create greater financial incentives, thereby increasing the range of feasible real estate transactions.

In the city, adjusting the fine points and details of implementation of the many recent local laws and regulations can have beneficial results. In both the city and the oblast opportunities may also lie in taking advantage of the recently enacted or pending federal laws affecting real estate markets to further develop and refine the local legislation and practice. This is particularly true with respect to land privatization (RF Land Code, now pending), land registration (RF Law On Registration of Real Estate Rights and Transactions), and land use (RF Town Planning Codex, now pending).

The work program for the city will essentially parallel that already described in the oblast, with one exception: no work is proposed in the area of land title and registration (Subtask b, Part (d)). Given the demonstrated procedural advances and excellent records system adopted by the city administration, no work is necessary in this area.

### **Schedule of Subtasks**

Subtask	Total LOE (Est. # of days)	Estimated Completion Date
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Establish contacts	2	10/21/97
Review of relevant legislation	10	11/01/97
Prepare summary of findings and identifications of priority work	8	11/15/97
Review of findings and proposals with city officials	5	12/05/97
Compilation of recommendations in final action plan	5	01/15/98
Work with local officials to commence implementation	10	Thru 9/98

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### **Performance Indicator**

Implementation of Action Program Recommendations as outlined in the Action Program.



### Level of Effort

U.S. attorneys	20
Russian attorneys	20

In addition to the legal work to accomplish the task of improving the legal framework for land reform in the city of Novgorod, there will be significant legal services in support of “priority subtasks” which comprise an important part of Component C, which is described in the following section. These legal services will help to produce enabling legislation to undertake subtasks 3a and 3c, as well as “tender” documents and contracts to transfer economic development sites from municipal to private control in carrying out subtask 3b.

## COMPONENT C: COORDINATION OF PROGRAM ACTIVITIES FOR THE PARTNERSHIP FOR FREEDOM (PFF) PROGRAM; “PRIORITY SUBTASKS”; AND THE UNIVERSITY PARTNERSHIP

The Chief of Party will have two distinct but related roles within the project. First, he will manage and coordinate individual task progress within the land and real estate component, while simultaneously meshing these activities with other aspects of the Partnership for Freedom in Novgorod. Second, he will carry out a series of technical tasks working directly with City and Oblast administration officials. The technical tasks assigned to the Chief of Party take advantage of his experience and his distinct advantage of being continuously present in the City over the life of the project.

### **Subtask 1: Coordination**

UI will coordinate work plan activities by maintaining two kinds of contact:

# **With Partnership for Freedom initiatives.** The Chief-of-Party will function as a key member of the staff being marshalled by USAID in the Municipality of Novgorod and surrounding oblast to carry out PFF endeavors. Miller will coordinate:

! Upward with USAID

! With the client governments (city, oblast, and oblast-designated secondary cities) by providing continuous information regarding land program activities, focusing on legislative developments, educational events, investment situations, administrative reforms; agreement has already been reached for weekly coordination meetings to be held with senior City and Oblast officials.

The following table summarizes the complementary activities of the Novgorod land program with four of the major objectives of the Partnership for Freedom.

**Table 2**  
**Novgorod Partnership for Freedom Objectives and the Proposed Land Work Program**

OBJECTIVE <i>Accelerating Development of Land Market</i>	OBJECTIVE <i>Improving Institutional Capability</i>	OBJECTIVE <i>Packaging and Marketing</i>	OBJECTIVE <i>Fostering Investment Opportunities</i>
<b>HOW THE URBAN INSTITUTE COORDINATES LAND PROGRAMS</b>			
<ul style="list-style-type: none"> <li>Orchestrate activities of individual Land &amp; Real Estate Sector programs contractors to meet objectives and schedules</li> <li>Assure the information flow between contractors, local governments, USDOS/USAID, and the private sector (foreign and domestic)</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate Novgorod Univ. suitability as host for real estate education partnership. Depending on results, maintain university liaison and generally foster successful partnership through expat faculty orientation, etc., during curriculum design, faculty and textbook selection</li> </ul>	<ul style="list-style-type: none"> <li>Provide awareness of city and oblast land privatization plans which might enhance development; make sites known to potential investors (e.g., tourism)</li> <li>Foster creation of RE section within local and American Chambers.</li> <li>Merge information on land inventory, prospective privatization sites, etc., into local HIID efforts</li> </ul>	<ul style="list-style-type: none"> <li>Help organize local C-of-C events in Novgorod, by providing materials, program ideas, speakers</li> <li>Provide materials for Novgorod exhibits, handouts at City of Rochester fair; stimulate interest by local attendees in attendance at fair</li> </ul>
<b>PLUS</b>			
"Priority Subtasks" (see Table 3)		"Priority Subtasks" (see Table 3)	

Ongoing Urban Institute Chief-of-Party (UI-COP) coordination services will include:

- ! Maintaining a library of materials and texts (in Russian) of work products of land program projects
- ! Circulating materials to key local officials and private sector parties as suitable
- ! Providing office support and orientation to land program consultants (and others as requested by USDOS/USAID)

**# As the Chief-of-Party for Land Reform Sector Activities.** Miller's primary function will be involved with coordinating individual contractor activities in the specified land programs as they carry out their respective tasks. This will focus on instituting sustained coordination among the four ongoing land reform programs ("Deepening Urban Real Estate Reform," Market Value-Based Property Taxation, Land Use & Zoning, and Real Estate Information and Regulatory Systems). In addition, where the land program becomes well accepted, he will engage in helping local agencies prepare and update a real estate information bank and to establish contact lists of persons/firms with whom to do business in the region.

### ***Priority Subtasks in Novgorod Oblast***

In addition to his paramount function as a coordinator, the UI-COP will also initiate several special activities to identify unique development opportunities in Novgorod city, the surrounding oblast, and possibly nearby "secondary cities." As suggested in Table 2, these "Priority Subtasks" are intended to support two PFF objectives—accelerating reform and marketing economic development opportunities. These "Priority Subtasks" are simplified in Table 3.

**Table 3**  
**"Priority Subtasks" in Support of the PFF and the Novgorod Land Program**

Subtask and Number	Oblast or Secondary City
a. Public infrastructure development strategies	x
b. Pro-active land privatization	x
c. Land development arrangements (public-private partnerships)	x
d. Economic development agency	x

**# Subtask 2/a: Public Infrastructure Development Strategies.** Allow governments to obtain useful benefits (in the form of money or capital projects) from private investors who are committed to new development projects. These strategies may take several forms: "Build-Operate-Transfer" (BOT) projects; "joint development" projects; regulatory "exactions" (in the form of development fees, donations, or charges); special assessment districts, administered as adjuncts to the tax regime; or others. The COP resident advisor will provide materials describing such arrangements to the city and the oblast. Depending on receptivity, the COP and team might provide materials to legalize and implement Infrastructure Development Strategies so that the city and/or oblast might adopt these strategies to attract beneficial future investment. The COP will stand ready to consult with administration officials on projects.

**# Subtask 2/b: Pro-active Land Privatization.** Seeks maximum rewards from disposition of governmental or enterprise-owned land. Undertaking it during the 1997-1998 work program assumes that satisfactory progress is realized on Task A, Subtask 3, “Land Reform and Market Stimulation,” especially the subtask designed to produce a “model inventory.” Availability of comprehensive coverage in mapping and ownership information of oblast and secondary city land is critical to the preparation of such an inventory. Assuming success, the Chief-of-Party, working very closely with the PADCO team, will guide and assist local officials in ways to perform “screening” of major oblast properties or strategically-located land parcels in secondary (e.g., outside Novgorod) cities so as to “target” their disposition to the private sector. Thereafter the COP will advise these officials in disposition procedures, including the collection and presentation of relevant factual information (including constraints) on these sites; assist in the development of “disposition strategies” for the orderly marketing; assist in the preparation of necessary tender/auction/advertising materials; help draft approval criteria for awards/negotiated dispositions (“deal-making”); provide advice and guidance in support of negotiations toward real estate contracts.

**# Subtask 2/c: Land Development Arrangements.** (“Public-private partnerships”) activity is intended to provide officials with an understanding of special development mechanisms which can help implement a program of regional economic development. Such arrangements include: creating and marketing “planned industrial parks” (PIPs) under the private “master developer” variant; marketing PIPs through private brokers; and “joint development projects”. Specialists in these subject areas will be brought in to conduct seminars for key personnel, assuming there is interest and capability.

**# Subtask 2/d: Creation of an Economic Development Agency.** In the oblast or a secondary city might follow a reorganization of existing bureaucracies and personnel. It would organize these into a single agency to perform three functions: (a) “one stop” permit approval for newly-proposed construction projects; (b) marketing of this land; and (c) land inventory management of government-owned or controlled property which has been classified for disposition.

#### **Level of Effort of Professional Staff in Person Days**

US – COP — Dick Miller	100
US Short-Term	10
Russian	10

## Products

- ! Coordination, in terms of logistical support and schedule adherence, adequate to accomplish the four Land Reform Program tasks.
- ! Conducting at least one informational seminar in three of the four “Priority Subtasks” in oblast-designated locations.
- ! Implementation by senior oblast and/or “secondary city” officials of a “pro-active land privatization” disposition in three locations.
- ! Undertaking by the oblast or a “secondary city” of a second initiative from among the four “Priority Subtasks” besides “pro-active land privatization.”

### ***Priority Subtasks in Novgorod Municipality***

The UI-COP will also initiate several special activities to identify unique development opportunities in Novgorod city.

Subtask and Number	Novgorod Municipality
a. Public infrastructure benefit strategies	x
b. Pro-active land privatization	x
c. Land development arrangements (public-private partnerships)	x

**# Subtask 3/a: Public Infrastructure Development Strategies.** Allow governments to obtain useful benefits (in the form of money or capital projects) from private investors who are committed to new development projects. This subtask is as described in the previous section, except that it would focus on city opportunities.

**# Subtask 3/b: Pro-active Land Privatization.** Seeks maximum rewards from disposition of governmental or enterprise-owned land. It parallels the work described under “stimulating land markets” within the oblast, except that no inventory-building and little “highest and best use” analysis is necessary. Less effort in these activities reflects the progress made by the city in its administration of land titling, registration, and zoning regulations with the consequence of saving work by the PFF team. Otherwise, this subtask is as described in the oblast discussion, except that it would focus on city opportunities.

**# Subtask 3/c: Land Development Arrangements (“public-private partnerships”).** Activity is intended to provide officials with an understanding of special

development mechanisms which can help implement a program of regional economic development. This subtask is as described in the previous section, except that it would focus on city opportunities.

### **Performance Indicators**

- ! Implementing "pro active land privatization" and at least one more initiative from the two other "priority subtasks" by the municipality.
- ! Beginning negotiations with the private partner chosen as a result of "pro active land privatization" initiative.
- ! Developing, as a team product, a detailed manual for local level officials to assist them in continuing to conduct "public infrastructure development strategies" and "public-private partnerships" after completion of the task order.

### **Level of Effort of Professional Staff in Person Days**

US Chief of Party -- Dick Miller	150
US Short-Term	20
Russian	20

## ***Subtask 4: Coordination of the Real Estate University Partnership***

### **Current Status**

USAID operates the University Development Linkages Project (UDLP) through a number of US universities. The broad objective of the program is to strengthen the university receiving assistance in its ability to provide high quality, sustainable educational opportunities to its students. To date, there have been no such partnerships in the Russian Federation and USAID sees promise in a partnership between a US and Russian university to develop and offer a quality real estate curriculum.

While such partnerships can involve various activities, the focus in this case is on improving the breadth of curriculum and qualifications of the instructors at the participating university. USAID also sees merit in pursuing this partnership with Novgorod State University, in the single discussion on this topic conducted with the university officials to date, the officials expressed interest in the program. Nevertheless, USAID believes it prudent to explore the interest in the program of universities in Samara and Ekaterinburg--possible future sites for Partnership for Freedom projects. At this time, there is no presumed commitment specifically to Novgorod State University.





It is important to note that USAID plans to provide funds to the partner US university from a source different from the main Partnership for Freedom / Novgorod project. While there is a good chance that these funds will be forthcoming, the availability of funding will not be confirmed until October, 1997.

The Urban Institute's role will be to work with USAID to identify the Russian partner university, to develop a draft of two or three curriculum options, to work with the university in thinking through curriculum options, and to work with USAID on selecting the US partner university.

### **Activities During the Workplan Period**

#### **# Subtask 4/a: Exploratory Phase**

- ! Make initial visits to universities in Samara and Ekaterinburg and hold further discussions with Novgorod State University about the program in general and the universities' interest in offering a real estate program with USAID assistance. Presumably, the real estate program would be lodged in the respective economic or management faculties.
- ! Prepare two or three draft real estate curricula that would differ primarily in the scope of the program, i.e., number of courses and years required for the specialty. All curricula will be tailored to correspond to the general level of Russian real estate development.
- ! Assuming that funding is available for the program, the Urban Institute will make a second round of visits to candidate Russian universities with a team including representatives of the USAID/UDLP from Washington. These discussions, which are likely to be in November, 1997, will explore both the university's interest and views about alternative curricula.

#### **# Subtask 4/b: Operational Phase**

- ! USAID selection of a Russian partner university (November)
- ! Urban Institute works with USAID/UDLP to select the US partner university. This will involve:
  - The Urban Institute's review of the set of universities qualified to participate and recommending which should be invited to submit proposals to qualify as the US-based partner.

- USAID\*s holding a limited competition to select the US university. The bidders would detail the faculty required to teach the initial courses in Russia. They could also propose limited adjustments to the curriculum developed by the Urban Institute in consultation with the Russian university. The competition should be concluded in February, 1998;
- ! The Urban Institute searches for existing Russian textbooks or translations of standard real estate texts. The Institute will also catalog relevant Russian-language materials developed under USAID and other donor-assisted projects that could be relevant to teaching the courses. These materials will be provided to the winning university.
- ! Representative of the US university will visit the Russian university to work out details of the partnership and the initial year\*s teaching schedule. The visit of the US university\*s representative will be in April, 1998. The involvement of the Urban Institute will end at the same time.
- ! The Urban Institute, in November 1997, will conduct a discussion with the selected Russian university regarding the desirability of teaching two or three short real estate courses during the spring 1998 semester in order to introduce students and faculty to selected real estate topics. If the courses can be scheduled by the university, they will be offered during the spring semester.
- ! Instructor(s) from the US university will arrive in Russia during August 1998 to teach courses during the 1998-1999 academic year.
- ! USAID and the US university will develop a plan for introducing the curriculum, including relevant texts, to other Russian universities and will begin the process in the spring of 1999.

## **Products**

- ! Two or three model real estate curricula, tailored to Russian conditions.
- ! The Urban Institute will assist in producing an agreement between the US and Russian universities for collaboration in development and offering the real estate curriculum at the Russian partner university.

## **Performance Indicators**

- ! Partner university identified



## Level of Effort

The Urban Institute will devote 30 person days to its liaison function. Additional resources for identifying universities may come from the ongoing "Deepening Real Estate Reform Project."

## MILESTONES FOR EVALUATION OF PROGRESS

The following table integrates the individual tasks into one presentation by date. In this way, the sequential flow of the program's results can be understood. The tasks and subtasks are consistent with those in the next section, "Performance Indicators/Tangible Results." Shaded areas indicate activities to be wholly or partially undertaken within the city.

### Milestones in the Novgorod Land and Real Estate Program

Date	Component/Task/Subtask	Event or Delivery
<i>1997 Last Quarter</i>		
October	C/ Coordination	Resident Chief-of-Party and office personnel on-site with office functioning
		Review Workplan with City and Oblast officials
	A/1/a Improve Tax Structure	Introductory Seminar with oblast officials; complete needs assessment
	C/4/a University Partnership	Make visits to evaluate schools, draft curricula
November	A/2/b and B/1/b Legal & Regulatory Framework /Legislation Review	Complete analysis and prepare report on identification of priority work
	A/3/a and A/3/c Land & RE Reform	Complete Needs & Capabilities Assessment in Titling and Survey raions for strategic sites
	C/4/a University Partnership	USAID selects Russian university partner
December	A/1/d Improve Tax Structure	Complete "Roll-Out Model"; Conduct Property Tax seminar; Complete model information systems
	A/2/d and B/1/d Legal & Regulatory Framework	Workshop to review analysis with city and oblast officials
		Complete Action Plan



Date	Component/Task/Subtask	Event or Delivery
<i>1997 Last Quarter</i>		
<b>Milestones in the Novgorod Land and Real Estate Program (Continued)</b>		
<i>1998 First Quarter</i>		
January	A/1/d Improve Tax Structure	Conduct "Information Systems" seminar
	A/2/e and B/1/e Legal & Regulatory Framework	Present Action Plan
February	A/1/e Improve Tax Structure	Work with Smaller Cities to explain "Roll Out" Model
	A/2/f and B/1/f	Commence legal work on city or oblast priority task enabling legislation, if necessary
	A/3/a and A/3/b (If Undertaken) Land & RE Reform	Conduct Privatization seminars in smaller cities on business registrations, land rights registration, zoning
	C/2 and C/3 Coordination/ Priority Items	Conduct seminar(s) on "Pro- active Land Privatization" in Novgorod city, oblast, & secondary cities(?); Complete review of selected Pro-active Privatization sites from city inventory & confirm HBU
	C/4/b University Partnership	USAID selects US partner; UI completes curriculum
March	A/3/b Land & RE Reform/Stimulating Markets	Complete "model inventory" of 100 oblast properties suitable for disposition Complete "HBU" analysis of sites
	C/3/a Coordination/Priority Items	Conduct seminars on "Public Infrastructure Benefit Strategies" in city; Receive city of Novgorod endorsement of "Pro-Active" Land Privatizations. Select Disposition Strategy and guide preparation of Legal & Solicitation Materials for "Pro-active Disposition Sites"
<i>1998 Second Quarter</i>		

Date	Component/Task/Subtask	Event or Delivery
<i>1997 Last Quarter</i>		
April	A/3/c Land & RE Reform	Receive oblast/second city endorsement of candidate sites of "Pro-Active" Land Privatization initiative. Complete necessary enabling legislation Draft solicitation materials on "Pro-Active Land Disposition" in oblast
May	A/2/f Legal & Regulatory Framework/Implementation	Implementation of at least two priority laws or regulation for oblast-designated places.
	A/3/c Land & RE Reform	Oblast issue tenders/ invitations for offers at selected "Pro-Active" disposition sites
June	A/1/e Improve Tax Structure	At least one jurisdiction adopts PTAM/PTIM
	C/3/b Coordination/Priority Subtask	Complete Marketing of Selected Sites for Econ. Development in city of Novgorod Prepare for negotiations
<i>1998 Third Quarter</i>		
July	C/2/c and C/3/c Coordination/Priority Items	Conduct seminar(s) on "Public-private partnerships" in city of Novgorod and/or oblast
	C/4/b University Partnership	Agreement signed by all parties
August	A/3/c Land Reform	Complete manual on "Pro-Active" Land Disposition for oblast or its designated areas
	C/2 and C/3	Complete negotiations for "Pro-Active" Land Disposition Parcels
September	C/1 Coordination	Chief-of-Party and office personnel vacate space, return equipment

## SUMMARY OF LEVEL OF EFFORT

### Days of Professional Time

Component/Task	U.S.	Russian
A/1 Improvement in Tax Structure for Investment	170	200
A/2 Legal & Regulatory Framework	50	70
A/3 Land Reform & Market Stimulation	150	200
B/1 Legal & Regulatory Framework	30	10



C/2 Coordination & Priority Subtasks—Oblast	120	10
C/3 Coordination & Priority Subtasks—City	190	10
C/4 University Partnership	30	
<hr/>		
Total	760	500

## SUMMARY OF PERFORMANCE INDICATORS

Component/Task	Performance Indicator
A/1 Improvement in Tax Structure for Investment	<p>Seminars are conducted in 3-5 oblast-designated places</p> <p>“Roll Out” Model and manual produced and successfully distributed</p>
A/2 Legal & Regulatory Framework	<p>At least one Oblast jurisdiction commits to implementing modern property tax system</p> <p>At least four draft or revised laws or regulations prepared or major comments provided on drafts developed by the Oblast on high priority legislative topics</p>
A/3 Land Reform & Market Stimulation	<p>Titling and registration conducted in two places designated by the oblast. Seminars conducted in at least three places designated by Oblast (if necessary)</p> <p>At least 10 properties identified for "pro-active" disposition and the highest and best use determined. At least 3 properties marketed using techniques advanced by the project</p>
B/1 Legal & Regulatory Framework	<p>At least two draft or revised laws or regulations prepared on drafts developed by the city on high priority legislative topics</p>
C/2 Coordination & Priority Subtasks—Oblast	<p>Implementation begun on at least two of the four "priority tasks" by oblast or a secondary city</p> <p>Seminars conducted on all four “priority task” strategies in the city and/or oblast</p>
C/3 Coordination & Priority Subtasks—City	<p>At least 3 properties marketed using “Pro-active” techniques advanced by the project</p>
C/4 University Partnership	<p>2 or 3 model curricula developed</p> <p>Partner university identified.</p>